



RICK CLAYBURGH  
TAX COMMISSIONER

# Property Tax Newsletter

**November 1998**

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### Interim Taxation Committee Considered Several Issues

The Interim Taxation Committee met in Bismarck September 3, 1998, for the last time before the 1999 Legislature convenes. The Committee considered various taxation issues and took final action on the following:

- Report on a study of the coal industry.
- Testimony and discussion on ways to make North Dakota lignite coal more competitive in the market.
- Testimony and discussion regarding two bill drafts pertaining to representation of school districts and townships in decisions on whether to grant new business exemptions according to North Dakota Century Code ch. 40-57.1. One bill draft would provide for ex officio membership of school board and township representatives on city or county governing bodies considering property tax exemptions. It was approved and recommended to the Legislative Council for the 1999 Legislature.
- Testimony, discussion and action taken regarding three bill drafts pertaining to charitable organizations. One bill draft would impose property taxes for hospital property not used primarily to provide inpatient services. A second bill draft would limit the acreage of property that a charitable organization may own. A third bill draft would allow a city to impose special assessments against property owned by charitable organizations. Bill drafts one and two failed to obtain approval of the Committee. The third bill draft was approved and recommended to

the Legislative Council for the 1999 Legislature.

- Testimony, discussion and action taken regarding agricultural land valuation. Dwight Aakre, NDSU, presented testimony regarding analysis of the effects of a bill draft to restrict changes in the capitalization rate used in the agricultural land valuation formula. The capitalization rate could be no less than 10 percent and no more than 11 percent. A second bill draft would provide for separate valuation of inundated agricultural land. The value of inundated land would represent 10 percent of the average noncropland value. A third bill draft would include a producer cost index in the agricultural land valuation formula. All three bill drafts were approved by the Committee and recommended to the Legislative Council.
- Review of a bill draft to exempt the residence of a beginning farmer. The bill draft provides that a beginning farmer who has begun occupancy and operation of a farm within the three preceding calendar years; normally devotes the major portion of their time to producing products of the soil, poultry, livestock, or dairy farming, and does not have a farm income history for each of the three preceding calendar years is entitled to the farm residence exemption. The Committee approved the bill draft and recommended it to the Legislative Council.
- Review of a bill draft relating to valuation of exempt property by assessors. The bill draft adds farm buildings and farm residences to the list of exempt property excluded from valuation according to the provisions of N.D.C.C. § 57-02-14. The Committee reviewed the bill draft and recommended it to the Legislative Council.

- Review of a bill draft relating to the farm building exemption. North Dakota Century Code § 57-02-08(15) would be amended to provide that factors announced in the N.D. Supreme Court decision *Butts Feed Lots, Inc.* would not be considered in determining qualification for the farm building exemption. The bill draft specifically excludes consideration of whether the farmer grows or purchases feed for animals raised on the farm, whether the farmer owns the animals being raised on the farm, whether replacement animals are produced on the farm, and whether the farmer is engaged in contract feeding of animals. The bill draft also provides that processing of agricultural products should not qualify as farming and that the exemption is not lost if a farm building is “primarily” used for agricultural purposes. The Committee approved the bill draft and recommended it to the Legislative Council.
- Review of a bill draft relating to the homestead property tax credit for persons 65 years of age or older with limited income. The bill draft provides that the maximum amount of income a property owner may earn in order to qualify would be \$14,000 instead of \$13,500. The Committee approved the bill draft and recommended it to the Legislative Council.
- Barry Hasti, State Supervisor of Assessments, presented information regarding comparison of property taxes among various property classifications for the years 1984 to 1998.
- Tony Clark, Tax Department, presented information regarding comparison of income among regions of the state.

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## Referee Deeds Exempt From Statement of Full Consideration

The Property Tax Division was asked whether a referee deed needed one of the statements required by N.D.C.C. § 11-18-02.2 in order for the Register of Deeds to record the deed.

A referee is an individual appointed by a court of law and is responsible for carrying out the directives of the court and reports all matters directly to the court. The referee deed is a result of the referee selling the property according to the authorization of the court.

Therefore, it is the administrative position of the Tax Commissioner’s Office that a referee deed is exempt from the requirement of having a statement on the face of the deed in order for the Register of Deeds to file the deed.

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## Homestead Credit Materials Available in November

County Directors of Tax Equalization should receive a supply of applications and brochures for the 1999 property tax credit for senior citizens and disabled persons by the third week in November. Tax Directors should distribute a supply of the applications and brochures to Class I City Assessors within the county who use the three-part application form. Anyone needing an additional supply of applications may contact Ramona Wanner in the Property Tax Division.

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## Directories Available

The directory of County Directors of Tax Equalization has been updated to reflect names of new Directors and changes in telephone and fax numbers and addresses. A copy is enclosed for Tax Directors and Class I City Assessors.

Enclosed also for Tax Directors and Class I City Assessors is a listing of the e-mail addresses available to date. The Tax Commissioner’s Office will maintain the listing. Anyone who goes “on line” and has an e-mail address is encouraged to notify LuElla Wedge at [MSMAIL.LW143@RANCH.STATE.ND.US](mailto:MSMAIL.LW143@RANCH.STATE.ND.US).

The Tax Commissioner’s Office also maintains lists of telephone and fax numbers and addresses of County Auditors, Treasurers and Registers of Deeds. Those lists are available upon request.

### Need Assistance?

Please direct property tax questions or concerns to:

Office of State Tax Commissioner  
 Property Tax Division  
 600 E. Boulevard Ave.  
 Bismarck, ND 58505-0599  
 Phone: (701)328-3127  
 Toll free within state: 1-800-638-2901, option 5  
 Fax: (701)328-3700  
 E-mail: [msmail.bh758@ranch.state.nd.us](mailto:msmail.bh758@ranch.state.nd.us)  
 Website: <http://www.state.nd.us/taxdpt>